UNIDO

United Nations Industrial Development Organization

Distr.
GENERAL

IDB.10/SR.6
20 November 1992

ORIGINAL: ENGLISH

Industrial Development Board

Tenth session

SUMMARY RECORD OF THE 6th MEETING

Held at the Vienna International Centre, Vienna,
on Wednesday, 4 November 1992, at 3 p.m.

President: Mr. CLARK (United Kingdom)
later: Mr. EL-HUSSEIN (Sudan)

CONTENTS

Agenda item		Paragraphs
6	UNIDO environment programme (continued)	1 - 29
5	Special Programme for Industrial Development in the Arab Countries	30 - 47
10	Evaluation of the objectives and functions of UNIDO in view of recent changes and developments in the world	48 - 120
-	Secretariat replies	121 - 130
	Annex: Summary of a statement submitted in written form only	

The meeting was called to order at 3.10 p.m.

UNIDO ENVIRONMENT PROGRAMME (continued)
(IDB.10/17, IDB.10/32)

1. Mr. TREMEAU (France), after endorsing the remarks made by the United Kingdom representative on behalf of the European Community, said that his country had taken an active part in the United Nations Conference on Environment and Development (UNCED) at Rio de Janeiro and attached great importance to the following up of its recommendations.

2. His delegation had therefore taken note with great interest of documents IDB.10/17 and IDB.10/32. The former document was clear and full and corresponded to the conclusions reached at the UNIDO Conference on Ecologically Sustainable Industrial Development (ESID) at Copenhagen.

3. Document IDB.10/32 dealt with UNIDO's possibilities of becoming involved in the various programme areas of Agenda 21. It would be advisable, in view of the Organization's limited financial resources and the need to avoid any dispersion, for UNIDO to restrict itself to the three major areas under Agenda 21, namely protection of the atmosphere, protection of water resources and the sound management of wastes.

4. His delegation would be grateful to the Secretariat for information on the role of the Environment Coordination Unit set up within UNIDO in 1990, and on the projects that had already been formulated or were in course of formulation.

5. His delegation believed that UNIDO had many possibilities to respond to Member States' expectations in the environment area, including technology promotion, investment promotion and training. It hoped that those possibilities would be used in particular for the benefit of small-scale and medium-scale industry, and that at all times the Organization would endeavour to coordinate its activities with those of other Organizations, in particular with the Industry and Environment Office of the United Nations Environment Programme (UNEP).

6. Mr. SZABO (Hungary) said that his delegation was grateful to the Government of Denmark for having convened the UNIDO Conference on Ecologically Sustainable Industrial Development, and welcomed the fact that UNIDO had initiated many activities that incorporated the tenets of ESID to an increasing extent.

7. His Government welcomed the establishment by the Director-General of an interdepartmental Task Force on Environment, but to implement its very ambitious programme UNIDO had to find the

This record is subject to correction.

Corrections should be submitted in one of the working languages, set forth in a memorandum and/or incorporated in a copy of the record. They should be sent to the Head, Translation Service, room D0748.

In accordance with the rules of procedure of the Board, corrections may be submitted within seven days of the receipt of the record or of the closure of the session, whichever is later. Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

V.92 58848 3967E

Distr.: 24 November 1992

necessary resources and staff, a point that should be taken into consideration in formulating the new priorities.

8. UNIDO should increase its cooperation with international organizations including UNDP, UNEP and the World Bank.

9. In order to halt the deterioration of the environment, efforts should be concentrated on prevention. Environmental considerations must be given priority both in the rehabilitation of industry and in new investment projects through the introduction of new technologies. Foreign investors bore a great responsibility when ecologically non-sustainable technologies were used in joint ventures.

10. The majority of the economies in transition had embarked on the privatization process. The methods of evaluating assets in those countries were new, and even the foremost foreign consulting companies had no clear idea of how to take the environment into account. The Hungarian State Property Agency had decreed that when the assets were evaluated the environment must also be taken into account, and that the resources required to eliminate environmental damage must be determined. Funds must be allocated from privatization revenues to cover the cost of restoring the environment. His delegation believed that UNIDO should include that issue in its environment programme. It would also be useful if a special guidance programme on the environment, perhaps computerized, could be formulated on the lines of the very useful feasibility studies and COMFAR.

11. Mr. BALAKRISHNAN (India) welcomed the documents submitted. His delegation had noted that UNIDO had focused its attention on the promotion of ecologically sustainable industrial development and had integrated the relevant aspects of Agenda 21 into its environment programme. That programme was of considerable importance and an area that would grow.

12. Given the limited financial resources available, his delegation suggested that UNIDO should attach the highest priority to technical cooperation activities for pollution abatement. That would mean helping developing countries to obtain technology and financial resources for reducing pollution from already existing industries and industries under construction. A second area of high priority should be the promotion of cleaner production techniques through new technology, enabling cleaner production processes to be integrated at the planning stage. That was particularly important in the context of future plans for rapid industrial growth in developing countries where the introduction of cleaner production technology would be much cheaper and easier at the planning stage. His delegation suggested that the Secretariat should focus attention on those two goals and build up the necessary technical capacity to carry out the task in question. UNIDO should also embark on an aggressive fund-raising campaign for its environment programme. Industry was being perceived as hostile to the environment by many sections of the public and information on how industry could be made environment-friendly deserved the widest possible dissemination.

13. Mrs. BECKER (United States of America) congratulated UNIDO on strengthening its environmental programmes, despite limited resources, within the guidelines recommended by the Conference on Ecologically Sustainable Industrial Development.

14. UNIDO could play an important role in implementing Agenda 21, in particular chapter 19 concerning the environmentally sound management of toxic chemicals. Agenda 21 had endorsed the principle of the community's right to know about chemicals stored or routinely released and had called upon appropriate international organizations to develop guidelines for countries wishing to establish community right-to-know programmes. It had also encouraged industry to adopt such programmes in the absence of host country requirements.

15. The Administrator of the United States Environment Protection Agency had identified community right-to-know as a high priority for his country. It was a highly innovative and effective approach to risk reduction and pollution prevention. By making chemical risk information available to communities, a public accountability mechanism for facilities producing or using chemicals was created, which encouraged the reduction of chemical stockpiles and toxic emissions. Some key elements of the United States community right-to-know programme included local emergency planning, accidental release reporting, stockpile inventories and toxic release inventories. The United States Government wished to encourage Governments, with the cooperation of international organizations such as UNIDO, to consider adopting similar programmes in order to help in reducing risks.

16. On the issue of cleaner production, UNIDO's proposed programme of work was useful but might be too ambitious. For example, in identifying industrial subsectors, it might be prudent to identify two major industries to begin with and then to expand to others as experience with the programme increased. Metal-finishing and metallurgical industries and pulp and paper would be appropriate choices because of the significant work done in clean technologies for those sectors.

17. Her delegation felt that subprogramme III should emphasize cooperation between UNIDO, UNEP and other international organizations, perhaps including OECD - with the cooperation of industry. Concerted efforts by all parties concerned would be needed if the objectives were to be met. The environment did not have to compete with support for technical assistance: if clean technologies were encouraged through a technical assistance programme, the goals of development and environmental protection could be attained simultaneously.

18. On the issue of women's participation in environmental protection, her delegation would encourage UNIDO to utilize women at all levels of its programme activities and to encourage national Governments to include women in national ecosystem management.

19. Ms. OK (Turkey) said that the Rio Declaration of the United Nations Conference on Environment and Development had laid particular stress on the employment-generating aspects of industry and the correlation between poverty and environmental

degradation. While recognizing the positive role of industry in promoting sustainable development, the Conference had indicated that environment and development could not be considered separately but were complementary aspects. Her Government supported that view.

20. She agreed with those speakers who had called for a set of priorities to be drawn up by UNIDO in the environment area. To be effective, UNIDO must concentrate on certain aspects of the subject and avoid duplication of work done by other organizations, including UNEP.

21. Because of its geographical situation, Turkey was much affected by toxic chemicals and industrial discharges, particularly in the Black Sea and the Bosphorus, and it also had problems of air pollution.

22. The Government of Turkey considered environmental problems a priority and had designated a State minister whose task was to reduce duplication and ensure cooperation with all the relevant international institutions.

23. Mr. MOON (Republic of Korea) considered that the accumulated experience and expertise of UNIDO in assisting the industrialization of developing countries should be utilized in helping the transfer of environmentally sound and clean technologies from developed to developing countries.

24. Active participation of UNIDO in implementing Agenda 21 should be supported by Member States.

25. Mr. ALELE OPIO (Preferential Trade Area for Eastern and Southern African States (PTA)) said that PTA consisted of 18 countries which had been beset over the last few years by natural and man-made disasters.

26. The member States of PTA had prepared an action plan for the subregion with the assistance of the Commonwealth Secretariat, as an input to UNCED. They were pleased to see from document IDB.10/32 that UNIDO had responded to Agenda 21. They hoped that their relationship with UNIDO would spearhead industrial development in their subregion, which was the least industrialized in the world.

27. PTA had noted that UNIDO had defined its role in line with PTA's own action plan and looked forward to assistance from UNIDO in its environment programme, particularly in the selection of clean technology for the industrialization process.

28. He appealed to the industrialized countries that had reaffirmed their intention of increasing their contribution of 0.7 per cent of their GDP to fulfil that pledge.

29. The PRESIDENT said that the Secretariat would reply to questions raised on the present agenda item and on items 5 and 10 at a later stage.

SPECIAL PROGRAMME FOR INDUSTRIAL DEVELOPMENT IN THE ARAB COUNTRIES (IDB.10/12)

30. Mr. BEHRENS (Deputy Director-General, Department for Project and Programme Development) said that, guided by General Conference decision GC.4/Res.5, the Secretariat had initiated efforts to elaborate the Special Programme for Industrial Development in the Arab Countries and to undertake various activities to promote regional industrial cooperation and meet the needs of the least developed Arab countries. In cooperation with regional organizations, UNIDO had convened an inter-agency meeting in February 1992 in which a number of organizations and representatives of Arab missions to UNIDO had taken part. The main outcome of the meeting had been the formulation of a plan of action for 1992-1993 under which a number of industrial projects had been identified for development and implementation. The priorities of the Special Programme for Industrial Development in the Arab Countries had been further elaborated to address the development of human resources, standardization and quality control, development of technological capacities, marketing of industrial products, promotion of industrial information systems and agro-industries.

31. Despite the problems arising from the crisis on the Persian Gulf, the Secretariat had been able to make good progress in approving and implementing 10 projects in the current year in various fields as described in the report before the Board (IDB.10/12). Some 15 pipeline projects had been also identified for possible approval and implementation in the future. Among them, three major projects, concerning the preparation of a manual for quality control in selected branches for industry, the identification of productivity problems and a programme on the status of the sugar industry in the Arab region, were at an advanced stage and would be discussed at the next meeting of the collaborating organizations to be held at Cairo that month. The meeting would also review past experience in cooperation between the organizations and elaborate a common plan for the mobilization of financial resources.

32. Clear-cut commitments on the part of the Arab regional organizations would be extremely important for UNIDO's efforts to promote and expand industrial activities under the Special Programme. In view of the scarcity of UNIDO's resources, more initiatives had to be taken with a view to attracting regional and international donors to contribute to those activities. It was hoped that the forthcoming meeting of the collaborating organizations would give special attention to that matter with the aim of securing the resources required.

33. Mr. AZIRIA (Observer for Algeria) said that his delegation, representing an Arab country that had always sought to be an active partner of UNIDO, was very interested in the Special Programme for Industrial Development in the Arab Countries. Despite certain activities described in paragraphs 8-10 of document IDB.10/12, the aims of the Programme had not been met. The sum of $150,000 allocated to the Programme was quite inadequate and would have no real impact if the Organization did not rationalize its expenditures, limiting its activity to expertise and the technical study of projects and avoiding costly meetings held away from Headquarters.

34. His delegation hoped that UNIDO would formulate long-term programmes of action affecting all aspects of industrial activity for which assistance was needed, assume responsibility for

formulating action programmes for the Arab countries and assess the needs of the least developed among those countries.

35. Algeria would also like the allocations for the Programme to be increased so that programmes could be prepared with the aid of all available internal and external expertise and submitted to the governmental authorities that would take a decision on their financing.

36. His delegation wished to stress once again the importance it attached to the resumption and intensification of UNIDO activities to help the Palestinian people in the occupied territories.

37. Mr. MAJID (Iraq), speaking on behalf of the Asian Group, expressed appreciation for the Director-General's progress report on the Special Programme for Industrial Development in the Arab Countries. The Programme was very important in view of the urgent need to intensify efforts to promote industrial development in the Arab countries and to develop their human, industrial and financial resources so as to achieve appropriate industrial development, particularly in the least developed Arab countries. He urged the Director-General to secure the necessary funds, in addition to allocations from the regular budget, from any other source of finance, in order to speed up implementation of the projects identified. Moreover, he requested the Director-General to strengthen cooperation between UNIDO and the specialized Arab organizations in carrying out the Programme, while giving priority to the least developed of the Arab countries.

38. The inter-agency meeting for the Special Programme for Industrial Development in the Arab Countries held in Vienna in February 1992 had identified the projects and programmes to be implemented and had recommended that special attention be given to the least developed Arab countries. The Asian Group had submitted a programme to that meeting, endorsed by the Group of 77, and it was hoped that UNIDO would also agree to it.

39. Mr. AL-DIN (Syrian Arab Republic) said that his delegation was gratified at the increased cooperation between UNIDO and its Government, which approved all UNIDO's efforts to promote industrialization in the Arab countries, particularly the least developed ones. Nevertheless, it was essential for greater attention to be paid to organizing industrial development in the Arab region by increasing appropriations for the programme. It was particularly important to carry out urgent special programmes to help the Arab people in the occupied territories who were suffering oppression.

40. His Government was satisfied with the increased participation and interest of UNIDO in environmental matters and fully endorsed the decisions of the Rio and Copenhagen Conferences. However, since the countries of the North were responsible for 54 per cent of the pollution in the world, UNIDO should be a magnet for channelling technical and financial assistance of all kinds to the countries of the South.

41. Since 1970 the Syrian Arab Republic had defined its own development choices. Integration between all sectors of production was essential so that full use could be made of resources and the goals of industrial development and a clean environment could be combined. The law set out guidelines on benefits and facilities available to Syrian and foreign investors.

42. The profound changes in the world in the last few years had affected international relations. A new approach was needed, but had not yet been identified, to take the place of the cold war. The Syrian Arab Republic looked forward to greater international cooperation in order to close the gap between North and South by using all the world's resources. In that connection, his delegation wished to put forward some points which it believed to be of particular importance in that process.

43. First, it was necessary to redefine current international economic relations in order to foster greater North-South cooperation, with a view to the achievement of mutual benefits and the eradication of poverty. Secondly, in order for countries of the South to be successful in their development efforts, efforts were needed to reduce protectionism, particularly in the OECD countries. IMF studies had shown that a 50 per cent reduction in national protection would increase developing countries' exports by US$ 50 billion per annum. Thirdly, despite the considerable efforts made and vast expenditure incurred by countries of the South in the 1970s and 1980s to import equipment and machinery from the North, their technology was still in its infancy, and they were in need of technological expertise and know-how. The efforts made by the Arab region to achieve social, economic and industrial progress would not be successful while tension prevailed in the occupied territories. He accordingly urged the international community to bring greater pressure to bear with a view to securing acceptance of United Nations resolutions in the cause of peace.

44. Mr. AL-ERYANI (Observer for Yemen) said that his delegation supported the statement made by the representative of Iraq on behalf of the Asian Group. His delegation had read with care the progress report of the Director-General on the item (IDB.10/12) and appreciated the efforts of the Secretariat to make the Special Programme a success. However, there was a serious shortage of funds and also a lack of agreement on the venues for the workshops included under the Programme. The latter issue had been raised at the meeting of the Arab missions with the programme staff, who had taken note of the observations made. His delegation hoped that the Programme would take due account of those observations in the future. It appealed to UNIDO to exert further efforts to provide funds since the Programme was of great importance to the development of industrial, human and natural resources in the countries of the Arab region, particularly the least developed countries which, it was hoped, would be given special priority.

45. Mr. AL-GHAIS (Kuwait) said that his country supported the Special Programme for Industrial Development in the Arab Countries and wished to pay tribute to the Secretariat for the projects already implemented. The Programme should not be affected by any cuts in the Organization's operational activities, particularly in view of

the very limited funds allocated, i.e. US$ 150,000; it should, on the contrary, be enlarged in the future. He wished to emphasize the need for cooperation between the UNIDO Secretariat and the secretariats of the Arab regional bodies with a view to making the Programme a success. Support from the staff of the UNIDO Secretariat was also important to the Programme's success. He expressed his Government's appreciation to UNIDO for its cooperation in providing experience and conducting the necessary studies in connection with the rebuilding of the industrial sector in Kuwait following its destruction during the seven-month period of occupation, and wished to pay special tribute to the UNIDO mission that had visited Kuwait for that purpose from May to June 1992. The continued cooperation of the Organization and any further assistance in rebuilding the industrial sector and the country as a whole would be appreciated.

46. Mr. SZIVOS (Hungary) said that his Government greatly appreciated the elaboration of the Special Programme for Industrial Development in the Arab Countries. The UNIDO Hungarian National Committee, after evaluating the projects that had been completed under the Special Programme, had decided to extend the offer of a three-week training course in Hungary on food quality control, including food quality assessment, food control, standardization, testing and computerized laboratory management, for 15 persons, funded from the Hungarian voluntary contribution. His Government was also very interested in the establishment of the Arab School of Science and Technology, and particularly in the setting up of a centre for software development, training and marketing, and wished to pursue discussions with a view to being involved in the project's implementation.

47. Mr. EL KOUNY (Egypt) felt that, despite the considerable efforts made by the Secretariat in implementing the Special Programme for Industrial Development in the Arab Countries, further action on the part of UNIDO was required. As had been concluded at the latest meeting on the Programme, the role of UNIDO needed to be enlarged to include an evaluation of progress achieved to date in meeting the needs of the area and linking those needs to resources on an international level. Specific measures to be taken in that regard were an evaluation of the capabilities of the programme, the provision of increased funds for the current biennium, the continuation of dialogue between UNIDO, OPEC and UNDP to promote cooperation among those bodies, with the submission of a report on the results of the studies carried out, and finally utilization of the experience acquired from the Programme to assist in the mobilization of the necessary funds.

EVALUATION OF THE OBJECTIVES AND FUNCTIONS OF UNIDO IN VIEW OF RECENT CHANGES AND DEVELOPMENTS IN THE WORLD (IDB.10/21)

48. Mr. BEHRENS (Deputy Director-General, Department for Programme and Project Development) said that, in accordance with General Conference resolution GC.4/Res.20, the Director-General's report on the item (IDB.10/21) described steps taken to ensure that the activities of UNIDO were consistent with the efforts of developing countries to ensure their active participation in the world economy. The report outlined recent changes and developments in the world, in particular: regional disintegration; the current recession and its structure in Western Europe and North America; new perceptions concerning technological growth, labour productivity and human resource development; the marginalization of the least developed countries; and the demise of central planning and the rise of privatization. It also outlined how concrete action taken in response to those changes was reflected in technical cooperation activities delivered by UNIDO.

49. Mr. BAKHSHI (Pakistan) said that the agenda for the current session was an indication of the importance of the activities of UNIDO. It was encouraging for the developing countries to see that special attention was being paid to the rapid changes taking place in the world economy. The new opportunities presented by the growing international atmosphere of liberalization, mutual cooperation and assistance posed a challenge for UNIDO to devise a viable strategy for development and cooperation aimed at advancing the interests of the Member States. The changing situation compelled the developing countries to look for fresh economic alignments and search for new partners with a view to invigorating and reinforcing their efforts to attain greater and speedier industrial and economic growth. It also offered UNIDO a unique opportunity to assume a more effective role in guiding and assisting the aspirations and efforts of the developing countries. UNIDO should reappraise its priorities, since some areas, such as human resource development, transfer of technology and environmental challenges, had assumed greater importance and urgency.

50. It was essential for the Organization constantly to evaluate important economic events occurring in the world, in order not only to keep abreast of the latest developments but also to formulate an adequate response so that it could play an increasingly effective role. Examples of such events that had taken place since the previous session of the Board were the United Nations Conference on Environment and Development held at Rio de Janeiro, the recently witnessed turmoil involving some of the major currencies of the world, Europe's quest for a single economic and political identity, and the current General Agreement on Tariffs and Trade (GATT) negotiations.

51. His country was witnessing the good work done by UNIDO and its helpful role in generating and sustaining key projects in various industrial fields. Since Pakistan had initiated steps to accelerate its industrialization, he hoped that UNIDO's assistance would keep pace with that process. Realizing the crucial role of the private sector in the process of development, his Government had drastically revised its policy of State management through the introduction of privatization and deregulation and the development of a liberal approach towards local and foreign investment. It also offered many incentives to attract foreign capital, including protection under an Act of Parliament.

52. Mr. RUSINSKI (Observer for Poland) said that the evaluation of the objectives and functions of UNIDO in view of recent changes and developments in the world was an important duty of the policy-making organs of the Organization. At the

eighth session of the Programme and Budget Committee, his delegation had expressed doubts regarding the proposal that UNIDO should carry out a study on the structure of world industrialization, since that might not be a very productive use of UNIDO's research capacity. The publication Industry and Development: Global Report 1992/93 (ID/382) contained many conclusions that were controversial and might be considered unfounded. Specifically with regard to Poland, the discussion of the causes of the collapse of the communist economic system, contained in chapter I of the report, was unconvincing. The origins of the profound crisis were doubtless far deeper than the reasons put forward in the report, namely debt crisis, consequent lowering of workers' real wages and ensuing social unrest. The profound restructuring of the entire economic, political and social system currently being implemented in Poland was based on a general rejection of the old system with its widespread inefficiencies, and not due merely to balance-of-payment problems. His delegation also had doubts regarding the interpretation given in the report of the reasons behind the liberalization efforts of the countries in transition, namely that liberalization was seen as an essential condition for attracting foreign direct investment. An additional important consideration, in the case of Poland at least, was the intention to promote competitiveness in the domestic market and to grant economic agents free access to all spheres of economic activity, including foreign trade.

53. In chapter II of the report, it was stated (page 58) that Polish reform had ground to a halt owing to disputes within the Government. His delegation strongly disagreed with that assessment. In December 1989, Poland had been the first country in Eastern Europe to implement "shock therapy". The resulting adjustments had been and still were painful to the Polish population. However, there were now many indications that the approach had paid off. The economic decline would be arrested in the current year and industrial recovery was expected to begin in the following year. The process of privatization was in progress, and transformation of the form of ownership had encompassed nearly 25 per cent of all State enterprises. The private-sector share of gross national product in the coming year would be 50 per cent. A favourable economic environment had been created for foreign investors, who were now offered a variety of opportunities for participating in the privatization of Poland. Indeed, a recent report on investment opportunities in Central and Eastern Europe had placed Poland in the top position. His country was therefore on track with its reform.

54. Mr. KEBEDE (Ethiopia) said that certain politico-economic trends were clearly emerging in many parts of the world, particularly the shift towards democratization and a pluralistic society in many developing countries, especially those of Africa, and the introduction of market economy principles in the countries of Eastern and Central Europe. Trade liberalization, privatization and deregulation had become increasingly important elements in the process of structural adjustment. In the face of the formidable challenge posed by the continued instability and uncertainty of the world industrial economy, there should be no slackening of efforts to seek concrete, realistic solutions to the complex problems of industrial development. The current decade called for more innovative approaches to international cooperation, with a view to creating a broader and more resilient industrial base in the developing countries.

55. His delegation believed that the least developed countries should continue to receive the highest priority consideration in the provision of UNIDO's technical assistance. Developing countries faced a dual challenge: they had to develop their industrial sectors, often from a very low base, and they also had to adjust constantly to rapid advances in technology, changes in world markets and market access, international price structures and other trends and policy factors that affected international comparative advantage. The developing countries also suffered from a serious shortage of qualified manpower in all fields of industry and industrial development.

56. His Government believed that action was called for at different levels in order to advance and contribute to the overall development of the Ethiopian economy, including strategies at the national level, industry-specific policies based on improved needs analysis, strengthened institutional training systems and improved training efforts, and also specific training activities for key managerial and technical personnel. Increased attention needed to be paid to linking human resource development systems with research and development and consultancy activities, and to the effective integration of women in all human resource development activities.

57. His delegation believed that the need and prospects for rehabilitation and modernization were significant, particularly with regard to agro-industries, a key subsector in the industrialization process. As part of the UNIDO programme for small- and medium-scale industries, collaborative endeavours with public and private sector organizations, industry associations and cooperatives, chambers of commerce and industry and development finance institutions needed to be strengthened in order to ensure proper institutional support for those industries. High priority had to be given to the development of direct links with small-scale enterprises and entrepreneurs through appropriate private organizations, so as to enable UNIDO to provide the kind of services that would most benefit the sector as a whole. His delegation appreciated the services provided by regional advisers and UNIDO Country Directors (UCDs), particularly in the execution of large-scale projects such as engineering design centres and technical assistance to industries. Regional advisory services and services performed by UCDs needed to be considerably strengthened in order to provide important inputs to the Industrial Development Decade for Africa (IDDA) programme and the Special Programme for Africa. He welcomed the invitation of the UNDP Governing Council to consider approving an increase in the annual allocation for the UCD programme.

58. In order for UNIDO to fulfil its objectives, it was important to have the financial resources on hand. The only way out of the current financial predicament facing UNIDO was for Member States to pay their assessed contributions

promptly and in full. His delegation wished to call upon the Secretariat to continue to take the necessary measures to keep expenditures in line with expected income.

59. Ms. OK (Turkey) said that during the past year major political and economic changes had emerged throughout the world, in particular a shift towards a democratic pluralistic society and a wider acceptance of market economy principles, changes in the economies of Central and Eastern Europe and in military spending, and the emergence of new States that would become beneficiaries of UNIDO. The endeavours of the newly independent States to effect a rapid transition to a market economy had given rise to urgent demands for assistance, while the reduction of military expenditure offered a prospect of converting military capacities to civilian uses. Those trends called for enlightened measures to strengthen the system of global interdependence.

60. The chief requirement for the economic success of the new States, as of the developing countries in general, was greater access to markets, technology and finance. In addition, technological skills and managerial and entrepreneurial capabilities should be upgraded in a spirit of overall reform.

61. Turkey, which considered regionalization an important aspect of global cooperation, had undertaken a number of regional and bilateral activities to assist the less developed countries in its region and hoped to promote regional cooperation with the European Community, the European Free Trade Association, the Balkan countries and the countries bordering on the Black Sea. In that context, a Black Sea cooperation project had recently been launched for the purpose of expanding cooperation in trade, industry, science, technology and environmental issues. Regional economic cooperation was also being promoted between Iran, Pakistan and Turkey.

62. UNIDO had an important role to play in the new international environment and in that connection she drew attention to a jointly organized international workshop to be held at Istanbul in November 1992 for officials from countries of the former socialist bloc that were in the process of privatizing State enterprises.

63. Mr. MA'AJI (Nigeria) stressed the need for UNIDO to expand the scope of its assistance and to strengthen its response to the priority claims of the developing nations, especially the poorest among them. The challenges facing UNIDO had not diminished at a time when the developing countries were endeavouring to increase their share of the world economy. Its assistance and advice continued to be invaluable in such areas as cross-border resource flows, including capital, technology, information and management resources.

64. In that context, the needs of sub-Saharan Africa were particularly critical, as indicated in paragraph 12 of document IDB.10/21. Africa continued to place enormous faith in UNIDO and the international community as a whole in their efforts to evolve an urgent response to its concerns. UNIDO's recent activities in Africa had helped to strengthen institutional capacities, bolster foreign investor confidence and assist local entrepreneurs in industrial rehabilitation. He earnestly hoped that those activities would continue as a matter of urgency and that the plight of sub-Saharan Africa would not be forgotten as a result of efforts to assist Eastern Europe.

65. Mr. SARBU (Romania) said that his country, formerly socialist, faced problems arising from the breakdown of central planning and the command economy and from the disintegration of the CMEA economic group. While the first range of problems was the result of a political choice on the part of the Romanian people, the second had external causes and severely affected foreign trade. In addition, further economic difficulties had arisen from the reduction in energy supplies from the former Soviet Union.

66. He had studied the Global Report 1992/93 with great interest and considered it a commendable piece of work. However, since the report was an important source of economic information for international organizations and private investors, he regretted the failure to mention the complex package of laws governing the functioning under market conditions of economic agents, private and State-owned, or the distribution of ownership certificates which had transferred 30 per cent of shares in State-owned companies to Romanian citizens. Reference should also be made in the next report to the number of joint ventures established between foreign and Romanian partners, the selling of the assets of State-owned companies and the significant percentage of the total economy represented by small and medium private companies. Information of that kind would serve the goal of a balanced and objective presentation of the current economic situation. He therefore urged UNIDO to keep abreast of the major developments in the reform process of the Eastern European countries and to reflect the principal steps taken by Romania in the next issue of the Global Report. The Bucharest office of the joint UNIDO-Romania centre would assist by providing the necessary information.

67. In the difficult process of transition UNIDO was well placed to provide expertise and support. The main areas in which UNIDO projects might be developed in Romania related to the stimulation of foreign investment and transfer of technology, the elaboration of sectoral and feasibility studies and the mobilization of financial resources through the use of UNIDO networks and databases. In that connection, he stressed the importance of the proposed investment forum for Romania. Any projects so developed could have mixed financial support from UNIDO and from sources within Romania. Guidance could be found in the documents drawn up by the World Bank and the International Monetary Fund concerning an economic strategy for Romania. He felt confident that UNIDO would be able to assist the Eastern European countries confronted with the difficulties of the present transition period.

68. Mr. SKRIPKA (Russian Federation) said that one of the major changes in recent times had consisted in a fundamental reconsideration of approaches to economic development. An ever-increasing number of countries were moving away from rigid centralized control over their economies towards liberalization, market mechanisms and private investment. That trend was gathering force in the developing countries,

Eastern Europe and the countries of the Commonwealth of Independent States. At the same time, the very concept of development was losing its ideological content and becoming a universal concern. A broad consensus was emerging to the effect that sustainable development could not be brought about on the basis of external factors alone without economic rights and freedoms being ensured at home.

69. All those changes were affecting international organizations, including UNIDO, and he supported further efforts in that direction. He welcomed UNIDO's increased attention to the countries in transition, which had to deal with their problems principally by their own efforts. Given such an approach, support from the international community would have maximum effect. In the new world context, UNIDO should concentrate its efforts on specific projects for the effective industrial development of Member States, in collaboration with the World Bank, the European Bank for Reconstruction and Development, the European Community and UNDP. Russia was interested in collaborating with UNIDO in the promotion of small and medium-scale enterprises, industrial rehabilitation, the reorientation of production, the attraction of investment and privatization. The Organization should also take a more active interest in the problems of conversion: at the current session of the United Nations General Assembly the Russian delegation had supported the idea that UNIDO should be asked to develop proposals in that area.

70. Russia's cooperation with UNIDO was expanding and the projects involved were of interest to other countries: one concerned the possibility of establishing a free economic zone in the Vladivostok region, another a seminar in Moscow on conversion and privatization. In addition, a forum had been held on the prospects for development in the Baltic region and preparations were going ahead for a conference of republics of the former USSR and a seminar on privatization in Russia. UNIDO's participation in the United Nations programme on Chernobyl was also highly important. The UNIDO centre in Moscow should help to enhance the effectiveness of such cooperation, as would the interministerial council for participation in the activities of UNIDO.

71. Coordination was becoming an increasingly important task for both Member States and international organizations. Russia welcomed the reforms now being introduced at the United Nations and considered that they must eventually encompass the entire United Nations system. UNIDO should make its contribution to the process and could count on Russia's support.

72. Ms. ZHANG Meigin (China) recalled the widening gap between the countries of the North and the South and the deepening contradictions due to an irrational economic order and an unbalanced world economic development. Against that background UNIDO had been created in order to revitalize the economies of the developing countries and to accelerate their industrial development. In a changing world situation it must give priority to the needs of the developing countries and expand its operational activities on their behalf, thus helping to establish a just new international economic order.

73. The Chinese delegation had noted with satisfaction that UNIDO had done much good work in the approval and delivery of technical cooperation projects, investment promotion, cooperation between enterprises and cooperation among the developing countries. It had also made progress in developing the International Development Fund (IDF) and other types of funds. China was well aware of the difficulties facing UNIDO as a result of the new UNDP policies and the successor arrangements, which had led to a serious loss of income. Further difficulties had been created by the late payment of assessed contributions. In those circumstances, UNIDO should further explore the possibilities offered by self-financing arrangements.

74. In accordance with available funds, the Organization should select priority areas of primary concern to the developing countries and make every effort to restore its image and credibility. Such priorities should include, first, the collection, study and analysis of development trends in world industry in general and specific sectors in particular, in order to help the developing countries to formulate their industrial policies, thus making UNIDO a world information exchange centre. Secondly, in view of the changes in North-South relations, UNIDO should promote economic and technical cooperation among the developing countries and encourage South-South cooperation. Thirdly, UNIDO should constantly promote investment activities by the developed countries, seek new partners for the developing countries and encourage North-South cooperation on a basis of equality and mutual benefit, including the transfer of technology, investment promotion and assistance for the development of national industries. Fourthly, as the developing countries lacked skilled human resources, the Organization should help to train personnel in industrial design, business management and project delivery.

75. With the extension of China's economic reform policies, its cooperation with UNIDO had been further developed. Specialized meetings had been jointly organized. China had also strengthened its cooperation with the countries of Africa and Latin America. As it entered a new era of economic development and reform, China was ready to cooperate with all Member States to make UNIDO a more dynamic and innovative organization.

76. Mr. EL-HUSSEIN (Sudan) took the Chair.

77. Mr. KUMAR (India) said that recent economic trends, including a strong emphasis on deregulation, the roll-back of government from the industrial sector and an increased role for the private sector, as well as a growing degree of competition in international markets, major industrial restructuring efforts and an incipient economic transformation process in Central and Eastern Europe, imposed a new role on the international financial institutions and the United Nations system. Accordingly, the role of UNIDO would also have to undergo change. In particular, it would need to reorient its activities in order to give them a competitive edge in a fast-changing world. A switch would have to be made from traditional areas such as industrial rehabilitation and the development of industrial estates to such fields as the transfer of technology, environment and energy

conservation, foreign direct investment and privatization. That did not mean that UNIDO should cease to play its traditional role, but rather that it should shift its priorities in the light of its limited resources.

78. The transfer of technology from the industrialized to the developing countries was one of UNIDO's basic functions, but so far it had been more concerned with appropriate technology than with state-of-the-art technology. In future it must aim to procure information on the new and emerging frontiers of technology so that they could be imparted to those who did not possess them.

79. UNIDO could also play a prominent role in foreign direct investment, for which it had established Investment Promotion Service offices in ten major cities. However, the impact of that exercise had been limited because UNIDO had restricted itself to serving as an information exchange centre. It could possibly participate in a more meaningful way by entering into contact with multilateral funding agencies such as the World Bank and the International Finance Corporation, or even with merchant bankers. Such a move would certainly enhance UNIDO's image and usefulness.

80. UNIDO had recently organized investment forums in Viet Nam, Nigeria and China and there was a proposal to hold one in India too. The concept of bringing national investors and potential foreign partners together for individual business discussions seemed to have great potential and he hoped that the practice would be continued.

81. The restructuring of the public sector had become an important issue in most developing countries and in the countries of Eastern Europe. Such restructuring was an essential part of industrial development strategies and UNIDO should carve out a positive role for itself in that area.

82. Mr. AZIRIA (Observer for Algeria) said that the measures proposed in document IDB.10/21 were insufficient to encompass the problem as a whole. Any reasonable approach to the matter had to take into account the purpose of the Organization, which was to speed up industrial development in the developing countries, a task which was far from having been fully accomplished. Admittedly, UNIDO had been able to develop forms of cooperation that were broader than those traditionally deployed by UNDP. However, the current financial crisis had aggravated the dangerous tendency to use special-purpose funds to finance activities that were not in line with UNIDO's objectives. Moreover, the redefinition by UNDP of the tripartite system of technical cooperation had made it increasingly difficult to foresee the resources that UNIDO would receive.

83. While the situation of UNIDO's partners was changing, the kind of services it was asked to provide remained largely the same. The liberalization of the economies of the developing countries and the adoption by the East European countries of market economy principles obliged UNIDO to rethink its approach to cooperation. Constructive dialogue among Member States should make it possible to redefine UNIDO's role in the new world economic environment. He would like to see the Special Advisory Group help prepare concrete proposals, for the consideration of the eleventh session of the Board, for changes that would revitalize the work of the Organization.

84. Mr. TRAXL (Austria) said that, when one was considering a medium-term plan and the definition of priorities for UNIDO's activities, a clear analysis of the global environment was a prerequisite for successful decision-making. The Global Report would serve as a useful basis for evaluating UNIDO's options for the future. Owing to the changing demands of recipient countries as well as a redefinition of its role in the tripartite system of technical cooperation, UNIDO had already begun to shift its focus. However, an in-depth discussion by the policy-making organs with a view to reviewing UNIDO's objectives and functions was still required.

85. A focal point of the strategic orientation of UNIDO might be the concept of industrial development through small-scale and medium-scale industry, which had been gaining ground in the past decade. That approach would lead to the creation of jobs and facilitate integration into the pattern of the other economic sectors. Special challenges might arise in regard to ecological sustainability, which should certainly be one of UNIDO's major concerns. Small-scale and medium-scale industry stood to gain from the reorientation of technical cooperation towards policy analysis and work in the area of institutions and programmes. An approach linking ecological sustainability, capacity-building and institution-building would be particularly suitable for the least developed countries too. UNIDO also had a role to play in the mobilization of resources and particularly in foreign investment promotion, where its strength lay in the provision of advisory services as an "honest broker".

86. Another vital function of the Organization was its Industrial Development Fund. At a time of dwindling funds for operational activities, IDF was becoming increasingly important, and he hoped that Member States would bear that in mind when making their contributions.

87. His country actively supported the efforts for improved donor coordination and the rationalization of project submission procedures. It had continuously endeavoured to provide contributions which were commensurate with the changing needs of the Fund. Through regular consultations it had been possible to bring the type of projects provided more into line with the specific needs of the developing countries.

88. UNIDO should focus its efforts the following year on improving the quality of IDF projects and delivery mechanisms. Closer monitoring of project implementation and greater feedback from the recipient countries might prove useful in that regard.

89. For 1993, his country planned a general-purpose contribution to the Fund of 2 million schillings and probable special-purpose contributions of 13 million schillings, subject to parliamentary approval and mutual agreement regarding specific projects.

90. Mr. ARIZAGA (Observer for Ecuador) said that the new Government in Ecuador had adopted a series of policies and strategies aimed at promoting the country's industrial development, its adaptation to new trends in the world economy, the assimilatation of modern technology in the production process and the efficient channelling of international technical and financial cooperation. UNIDO's activities would be particularly useful in that connection.

91. The main objectives of the Government's industrial policy were the opening up of the economy, the direct involvement of the private sector in the development process, and the modernization of the State, to enable it to perform its tasks relating to macroeconomic management, the planning of development and the guiding of sectoral production. The Government intended to adjust planning mechanisms so as to increase economic efficiency and promote technological innovation with a view to making the economic sectors more competitive on the international market. It also hoped to stimulate the production sector through the simplification of legislation to promote investment and human resource development. UNIDO's operational activities made a positive contribution in complementing national efforts, inter alia, to strengthen industrial capacity and promote science and technology.

92. He stressed the vital role played by the UNIDO Country Directors in coordinating and supervising international cooperation activities relating to industry. The presence of a UCD in Ecuador was of great importance and his Government was ready to consider alternatives for ensuring the efficient functioning of the local office. Efforts should be made to ensure that the current total number of UCDs was maintained, if not increased.

93. Mr. YOGASARA (Indonesia), speaking on behalf of the ASEAN member countries, said he shared the concern expressed by other developing countries regarding the ever-widening gap between North and South, which denied them the opportunity of actively participating in the transformation of the world economy. Endorsing the view expressed by the Director-General in his report (IDB.10/21, para. 4) that the active participation of developing countries in the world economy implied a focus on cross-border transactions and cross-border resource flows, he suggested that UNIDO should incorporate such aspects in its technical cooperation activities.

94. While the world experienced rapid and fundamental changes in the economic sphere, the future remained in doubt since relations between the developed and developing countries were still beset by imbalance and inequities. The sustained growth enjoyed by the developed countries in recent years had not been shared by the developing countries, which were in the process of changing their development strategies and had made strenuous efforts, at considerable cost and sacrifice, to promote development. If structural adjustment and liberalization measures were to be successful, there had to be reciprocation by the developed countries. The far-reaching fiscal, trade, industrial and economic policy reforms undertaken by developing countries should not be thwarted by short-sighted policies of protectionism and reduced transfer of resources on the part of the developed countries.

95. There were now new sources of technologies available to the developing countries as a result of regional disintegration and the transformation of the centrally planned economies in many newly-independent States. In economic terms, if the mechanism of supply and demand functioned, the situation would be advantageous to all developing countries. UNIDO should therefore take into account the emergence of new suppliers of technology when planning technical cooperation projects, with a view to increasing the active participation of developing countries in the transformation of the world economy.

96. Mr. DEL POZO CARAFA (Bolivia) said that his delegation had asked to speak on item 10 because it was a matter of vital importance, and because it offered scope for expressing ideas on other items of the agenda.

97. Unfortunately, the financial situation of UNIDO was a source of constant concern. The failure of Member States to pay their contributions on time was one of the main factors underlying the Organization's difficulties, and it was difficult, in the present situation, to foresee any substantial improvement. At the same time, however, his delegation felt obliged to stress that efficient administration of resources was absolutely essential to the attainment of UNIDO's objectives. Bolivia believed that future emergency measures should focus on ensuring a constant watch over expenditure and income with a view to balancing the operational budget.

98. With reference to agenda item 4 (1), his delegation felt that efforts should be continued to maintain the UNIDO Country Director programme at least at its present level, in order to maintain and if possible increase the influence of those Directors particularly in their advisory functions at both the planning and the evaluation level.

99. With regard to item 6, Bolivia believed that any steps which UNIDO could take with a view to implementing Agenda 21 would be extremely valuable for future industrial development in the less-developed countries.

100. On item 9, it was important to mention that the burden of external debt in the developing countries constituted a serious structural impediment to public investment aimed at the diversification of industry. UNIDO should continue its efforts in that area and become a promoter of investment in countries such as Bolivia, which had confronted the necessity of macroeconomic adjustments in a spirit of sacrifice, believing that better days lay ahead for their society. Bolivia had promulgated a law on investment which was in keeping with world realities, had created a clear and simple system of taxation, enjoyed free conversion of currencies and placed no restrictions on the payment of dividends. Foreign capital for joint-venture operations was not limited as to the extent of participation, and a process of privatization had been launched, all in an atmosphere of peaceful coexistence among Bolivians who had adopted democracy as their way of life. The world

community was now witnessing the excellent results emerging from those policies.

101. His delegation also felt that UNIDO could play the role of a protagonist in the "debt for development" strategy as an effective mechanism for securing investment in strategic industrial sectors in the developing countries.

102. Returning to item 10, "Evaluation of the objectives and functions of UNIDO in view of recent changes and developments in the world", he said that changes in the world during the last few years had broken down walls but that UNIDO, together with the leading economic powers of the world, now had the task of destroying the walls that separated rich and poor and ushering in a new century of justice and peaceful coexistence.

103. Mr. LONSMANN POULSEN (Observer for Denmark) said it was a sad fact that the relative role of the United Nations system's operational activities for development had been in steady decline, quantitatively and qualitatively, for many years. Many organizations of the system had become increasingly marginalized. That state of affairs had been clearly and undiplomatically pointed out by the Nordic UN Project, published in May 1991. At the present juncture it would be wrong to make accusations or try to place the responsibility for what had happened. It was time to take stock of the situation, however, and to take a hard look at what UNIDO could and should do in the future.

104. What delegations now saw was an organization faced with large discrepancies between its mandate and the resources at its disposal, between its declared operational objectives and what it was actually able to achieve. They also saw an organization in which the need for a better focus in the assignment of priorities had been on the agenda for the last decade, not merely because of the need for dynamic adaptation to a changing environment but in response to the justified realization that more fundamental changes were required.

105. Delegations also saw an organization faced with a serious financial crisis which could not be attributed exclusively to the inability or unwillingness of Member States to respond to international development needs. The problems also lay in UNIDO's ability to use the funds it received efficiently.

106. Finally, delegations saw an organization with a structure that was clearly out of line with the scope of its activities - an organization with a senior management structure that was clearly based not on operational needs but on political considerations, and which jeopardized its efficiency.

107. Given that background, the Danish Government had financed a study of UNIDO - of the advantage it offered, of the areas where its work was, or should be, concentrated, of its organization and resources. That study had been carried out by a Danish consultancy firm with extensive experience in the United Nations system and in international development cooperation; and it had been carried out in close cooperation with the Danish Mission in Vienna. The study, which had just been finalized, did not claim to provide all the answers to all the problems facing UNIDO, but his delegation hoped that it would prove to be a constructive contribution towards redefining UNIDO's role.

108. Regarding the five major target areas and three common themes in UNIDO's medium-term plan for 1992-1999, nobody could argue against any of the specific target areas or themes, but it was wrong to believe that they could be used for practical priority-setting within UNIDO. As pointed out in the study, several targets overlapped and had no sectoral, institutional or country focus. Moreover, the targets were so broad that they could not suggest any effective setting of priorities.

109. The study also pointed out that it was difficult to establish links between the eight targets and themes and the output of UNIDO as a technical cooperation agency. The study therefore sought new instruments which would facilitate concentration and priority-setting for UNIDO's technical cooperation and normative activities.

110. The target levels for foreign assistance to industrial development should be regarded as the point of departure of the study. Those targets were found at three levels of society in developing countries: the policy and strategy level, where the Government's task was to create an environment in which sustainable industrial development could flourish; the institutional framework level, where public, semi-public and private institutions had the task of supporting the enterprises in their operations; and the enterprise level, which was the ultimate impact level for policies, strategies and institutions.

111. International assistance was needed at all three levels, since many developing countries still lacked the national capabilities required to support industrial development. The challenge for UNIDO was not only to strengther its capacity to deliver technical assistance at all three levels, but also - since it was clearly unable to undertake all the tasks that would in theory be desirable - to determine where it could be of most use. In that respect, the study found that UNIDO, like a number of other United Nations organizations, should move "upstream" to the policy, strategy and institutional framework levels, and that it should be considerably more selective on the enterprise level.

112. Another important finding was that UNIDO should concentrate its activities in order to obtain the "critical mass" in terms of resources and expertise necessary for it to become a centre of excellence. It was obvious that UNIDO had spread itself too thinly and that with such an approach it could not be the centre of excellence of the United Nations system for industrial development. UNIDO must accept that some activities would have to be abandoned. The study estimated that the number of subsectors which UNIDO could deal with effectively, given its present capacity, would be 10 rather than the 18 handled at present.

113. The "critical mass" requirements would have to be reflected in a new and more appropriate structure. The study proposed a structure with three departments: a department of industrial policy for regionally organized groups of Professionals delivering policy advice and

capacity-building; a department of industrial operations, with specific groups of Professionals for each subsector, delivering technical assistance and providing technical advice; and a department of administration, which would handle the Organization's administrative tasks, external relations and industrial operations support. Some changes would be required in the mixture of skills currently available, and considerable redeployment of staff within UNIDO would be inevitable. That broad framework was in fact very similar to what the Director-General had himself proposed. With regard to the underlying structure and the functions envisaged for the various departments, however, there were some differences.

114. The study also pointed out that UNIDO funds could probably be better utilized at the country level if country strategies were established as a priority-setting framework for UNIDO's activities in individual developing countries. Such strategies should not, however, be thought of as a venture into country programmes, for nowhere would UNIDO's quantitative level of activity justify a country programme as such.

115. Country strategies would be drawn up by the department of industrial policy, but both that department and the industrial operations department should have their own identifiable output of technical assistance service aimed at different target levels. The policy department should focus on the policy and strategy level as well as part of the institutional framework level, whereas the industrial operations department would deliver assistance to part of the institutional framework level and to the enterprise level. The departments should be able to draw on expertise from each other. To ensure a coordinated approach and conformity of projects with the established country strategies, the study envisaged the establishment of an activity coordination committee under the chairmanship of the Director-General.

116. In conclusion, he wished to stress that the Danish study was not based on a belief that there was nothing to build on. It was rooted in the belief that there was a need for change and a real possibility of implementing changes. It was not the exclusive responsibility of management and staff to make those changes; the Board had the responsibility of paving the way for them by laying down broad but coherent guidelines. There were many dedicated and competent people in UNIDO capable of constituting the core of a team whose efforts would make UNIDO more efficient and more meaningful. The task was not impossible; the alternative, however, was total irrelevance.

117. Mr. MOON (Republic of Korea) said that, as clearly reflected in the Global Report, the world was undergoing drastic changes, due in the main to increased privatization of formerly centrally-planned economies and the current recession in Western Europe and North America. Those factors had made a great impact on UNIDO's operating environment. He considered that the Organization's survival depended on how effectively it used the limited resources available. UNIDO's services should be focused on strategic areas which would make for greater efficiency while responding to the changing requirements of Member States. He took note of the statement in document IDB.10/21 (para. 15) that the demand for UNIDO's services was shifting towards sectoral analyses, policy advice and work at programme level. He would also support the strengthening of UNIDO's capability to design and implement integrated programmes based on available expertise in the Organization.

118. Mr. FADLALLA (Sudan) said that his country was making considerable progress in the area of industrial development. A forum had been organized in his country, with the participation of local and foreign investors, and had issued recommendations in a number of areas including legislation governing investment. Great strides had been made in the privatization of the national economy and a ten-year plan had been prepared to promote the activities of the private sector. The Sudanese economy was largely based on agriculture and satisfactory results had been achieved in the field of agricultural development. None the less, in order to achieve its goals and use its potential to the full, his country still required the assistance of UNIDO for all the activities listed in the report. Appropriate means and structures would have to be found for providing such assistance through the services of qualified personnel.

119. The PRESIDENT said that a request for the floor had been received from the representative of the Preferential Trade Area for Eastern and Southern African States. In view of time constraints, he regretted that it would not be possible for that representative to deliver an oral statement, but his written statement would be reflected in the records of the session.*

120. The PRESIDENT invited the Secretariat to reply to questions raised in connection with the items just discussed.

121. Mr. BEHRENS (Deputy Director-General, Department for Programme and Project Development), replying to questions raised on agenda item 6 ("UNIDO environment programme"), thanked members for their remarks. A question had been asked concerning document A/47/535. It was true that the environment was not dealt with in that short document; however, the sustainable development themes from UNCED would figure largely at the operational stage. Reference had also been made to the importance of the quality of UNIDO's assistance. The Organization was actively engaged in changing the way the project development process focused on the quality criteria of relevance, sustainability and cost-effectiveness. That was being done, inter alia, through project management teams and the increased development of integrated subsectoral programmes. Environmental considerations were included in all UNIDO projects. The appraisal process regularly took environmental concerns into consideration and the UNDP guidelines on environmental management were applied.

122. Regarding the relationship between documents IDB.10/17 and IDB.10/32, he said that the former contained an update of the UNIDO environment programme as requested in paragraph 5 of General Conference resolution GC.4/Res.18. Document

---

* See the annex.

IDB.10/32, on the other hand, recognized that Agenda 21 covered not only environment but also development issues and laid the basis for a comprehensive sustainable development strategy. The document not only separated the environment programme from the larger issue of sustainable development, but also initiated the very important policy dialogue on Agenda 21. Part of that policy dialogue must address the capacities, priorities and comparative advantages of UNIDO in that endeavour.

123. With regard to the implementation of the environment programme, he said that, as outlined in paragraph 28 of document IDB.10/17, an Environment Coordination Unit had been set up in July 1990 to augment standard coordination mechanisms. The Unit was responsible for coordinating programme management and promotion, advising UNIDO's technical units on project development, resource mobilization and inter-agency contacts on environment-related issues. The Unit also served as secretariat to the new interdepartmental Task Force on Environment. The Task Force regularly reviewed issues relating to the environment and made suggestions for programme implementation.

124. On the question of future programmes and projects, he stressed that cleaner production was the main focus of UNIDO's activities relating to both its energy programme and its environment programme. Cleaner production techniques and technologies and energy efficiency and conservation measures would in future constitute the framework for the selection of programmes and projects under the environment programme. The importance of subprogrammes III and IV on the promotion of cleaner production and pollution abatement was therefore crucial. Under those subprogrammes, all the expertise and experience acquired over the last 25 years became highly relevant.

125. On the theme of inter-agency coordination and cooperation, he noted that many speakers had stressed that Agenda 21 must be a cooperative effort in terms of complementarity of programme content and programme implementation. The Secretariat was in full agreement with that assessment, which applied also to the provision of financial resources, through such global mechanisms as the Global Environment Facility, the Interim Multilateral Fund for the Implementation of the Montreal Protocol and UNDP's Capacity 21. The issue was an integral part of the policy dialogue he had referred to. At the inter-agency level, as had been mentioned, the recently created ACC Inter-Agency Committee on Sustainable Development would work with the proposed commission on this topic within the framework of the Economic and Social Council for the implementation of Agenda 21. If UNIDO was not involved at the policy level, it would be almost impossible to address the issues of prioritization, allocation of resources and complementarity of programmes properly. It was clear from the statements made that members felt that UNIDO should be a member of the ACC Inter-Agency Committee. The Secretariat hoped that that position would be reflected in a decision of the Board at the current session. Such a decision would demonstrate the importance members attached to the successful implementation of Agenda 21, which would not be possible without full participation of industry.

126. Regarding agenda item 10 ("Evaluation of the objectives and functions of UNIDO in view of recent changes and developments in the world"), the need for better inter-agency coordination had been stressed. That point was underlined by the fact that the agency making the largest contribution in the industrial field was not asked to participate in the ACC Inter-Agency Committee referred to.

127. Mr. de MARIA y CAMPOS (Deputy Director-General, Department of Industrial Operations) said that a paper was available providing details on UNIDO's cooperation projects relating to the environment and energy, already under way or at the planning stage, at global, regional and national level. As many countries had requested, UNIDO was paying special attention to small-scale industry, which faced particular problems in coping with the ecological aspects of industrialization. The projects covered a wide variety of fields including prevention of pollution, management of wastes and treatment of effluents. Many countries were interested in the services that UNIDO was able to provide, and he was sure that, with appropriately trained staff and adequate funding, the Organization would be able to serve Member States effectively.

128. Mr. BEHRENS (Deputy Director-General, Department for Programme and Project Development) responding to comments made on agenda item 5 ("Special Programme for Industrial Development in the Arab Countries"), said on the question of the shortage of funds available for the Programme, that it was hoped that additional funds could be mobilized from regional organizations. That was the objective of the meeting to be held at Cairo. The meagre resources of UNIDO needed to be supplemented.

129. The extension of the UNIDO Country Director programme in relation to the Arab countries was being actively considered and discussions were under way in that direction.

130. Turning to agenda item 10 ("Evaluation of the objectives and functions of UNIDO in view of recent changes and developments in the world"), he noted that the deliberations had touched on the whole area of the Organization's activities. Those activities were reflected in the Global Report, which was a valuable tool for analysis of the current situation and the prospects for 1993. The Global Report would increasingly constitute the basis for the Organization's activities. The structure of the Global Report was currently being reviewed in an effort to relate its contents more to the Organization's operational activities. There were also country reviews and country reports which serve as the basis for the future development of a country strategy concept, along the lines suggested by the representative of Denmark in his statement.

The meeting rose at 6.25 p.m.

Annex

SUMMARY OF A STATEMENT SUBMITTED IN WRITTEN FORM ONLY

The statement summarized below was not delivered orally but submitted in written form only.

The representative of the PREFERENTIAL TRADE AREA FOR EASTERN AND SOUTHERN AFRICAN STATES said in his written statement on item 10 that the invitation that PTA had received to participate in the session was evidence of the growing cooperation between PTA and UNIDO. Since the signing of a cooperation agreement between the two organizations in 1991, PTA had benefited greatly from UNIDO's assistance in implementing industrial development programmes at the national and subregional levels in Eastern and Southern Africa. The trade and development strategy of PTA, approved at the beginning of 1992, was designed to promote the transformation of PTA into a subregional common market for Eastern and Southern African States and ultimately into an economic community. UNIDO's comments on the draft treaty to establish the common market would be welcome in due course. The members of PTA sought to create a market characterized by free movement of goods, services, capital and investment and by wide participation of the private sector in development. They were resolved to pursue policies which would harness all agents for growth in a process led by the industrial sector. The Preferential Trade Area looked forward to further cooperation with UNIDO. It hoped that the industrialized countries would increase their financial assistance so as to strengthen the capacity of UNIDO to promote industrial development in Eastern and Southern Africa.